

Senate File 437 - Introduced

SENATE FILE 437

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 367)

(SUCCESSOR TO SSB 1177)

A BILL FOR

1 An Act providing for charitable food donations to food banks
2 and similar organizations, including by providing for
3 appropriations and a tax credit, and including applicability
4 provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SUBCHAPTER I

GENERAL

Section 1. NEW SECTION. 190B.101 Purpose.

The purpose of this chapter is to effectively and efficiently utilize Iowa's abundant supplies of nutritional food to relieve situations of emergency or distress experienced by individuals or families in need who reside in this state, including low-income individuals or families and unemployed individuals or families.

Sec. 2. NEW SECTION. 190B.102 Definitions.

As used in this chapter, unless the context otherwise requires:

1. "*Federal emergency food assistance program*" means the federal emergency food assistance program, as provided in 7 C.F.R. pts. 250 and 251.

2. "*Food*" means a substance which is used in whole or in part for human consumption in compliance with federal and state standards or requirements including a donated food that meets the requirements of the federal emergency food assistance program.

3. "*Food commodity*" means any commodity that is derived from an agricultural animal or crop, both as defined in section 717A.1, that is produced on agricultural land as defined in section 425A.2, and that is intended to be used as food in its raw or processed state.

4. "*Iowa emergency feeding organization*" means a public or private nonprofit organization whose mission is compatible with the purpose of this chapter as provided in section 190B.101 and which includes an Iowa food bank or other organization that operates at a congregate nutritional site or that provides home-delivered meals in this state. An Iowa emergency feeding organization includes but is not limited to a food pantry, hunger relief center, or soup kitchen.

5. "*Iowa food bank*" means a private nonprofit organization which meets all of the following requirements:

1 *a.* It receives, holds, and directly or indirectly
2 distributes food principally to Iowa emergency feeding
3 organizations in a manner compatible with the purpose of this
4 chapter as provided in section 190B.101.

5 *b.* It is an organization described in section 501(c)(3)
6 of the Internal Revenue Code and exempt from taxation under
7 section 501(a) of the Internal Revenue Code.

8 *c.* It receives contributions that are deductible under
9 section 170 of the Internal Revenue Code.

10 6. "*Iowa food bank association*" or "*association*" means an
11 organization that meets all of the following requirements:

12 *a.* It is organized as a nonprofit corporation under chapter
13 504.

14 *b.* Its principal office is or has been located in this
15 state.

16 *c.* It is an organization described in section 501(c)(3)
17 of the Internal Revenue Code and exempt from taxation under
18 section 501(a) of the Internal Revenue Code.

19 *d.* It receives contributions that are deductible under
20 section 170 of the Internal Revenue Code.

21 *e.* Its members include Iowa food banks, or affiliations
22 of Iowa food banks, that together serve all counties in this
23 state.

24 SUBCHAPTER II

25 IOWA FOOD-LINK TO FOOD-BANK INITIATIVE

26 Sec. 3. NEW SECTION. 190B.201 Definition.

27 As used in this subchapter, "*department*" means the department
28 of human services.

29 Sec. 4. NEW SECTION. 190B.202 Department of human services
30 — cooperation with other agencies.

31 1. This subchapter shall be administered by the department
32 of human services.

33 2. The department shall adopt all rules necessary to
34 administer this subchapter.

35 3. Each fiscal year, the department shall award the

1 amount appropriated in section 190B.203, to an Iowa food bank
2 association selected by the department to manage programs
3 associated with an Iowa food-link to food-bank initiative.
4 The department shall execute a contract with the association
5 to provide for the terms and conditions of the program's
6 management. A contract shall not obligate the state to pay
7 moneys for multiple fiscal years.

8 4. The department of agriculture and land stewardship,
9 the department of public health, and the department of
10 inspections and appeals shall cooperate with the department of
11 human services to administer the Iowa food-link to food-bank
12 initiative.

13 Sec. 5. NEW SECTION. 190B.203 Iowa food-link to food-bank
14 initiative — appropriation.

15 1. For the fiscal year beginning July 1, 2013, and ending
16 June 30, 2014, and for each subsequent fiscal year, there
17 is appropriated from the general fund of the state to the
18 department of human services the amount of two million dollars
19 to support an Iowa food-link to food-bank initiative to further
20 the purpose provided in section 190B.101.

21 2. The department of human services shall allocate
22 one million eight hundred thousand dollars of the amount
23 appropriated in subsection 1 to an Iowa food bank association
24 selected by the department as provided in section 190B.201 for
25 purposes of supporting the following programs:

26 a. An Iowa emergency food purchase program. The department
27 shall allocate one million seven hundred thousand dollars to
28 the association for the purchase of food on behalf of an Iowa
29 emergency feeding organization or for the distribution of
30 moneys to Iowa emergency feeding organizations for the purchase
31 of food.

32 (1) A preference shall be provided to the purchase of food
33 produced, processed, or packaged within this state whenever
34 reasonably practicable.

35 (2) The food shall be purchased in a manner that best

1 furthers a significant economic benefit to communities of this
2 state.

3 *b.* An Iowa emergency food nutritional education program.
4 The department shall allocate one hundred thousand dollars to
5 the association to distribute the moneys to one or more Iowa
6 emergency feeding organizations in order to provide instruction
7 regarding nutrition and promote a lifelong healthy diet.

8 3. The department of human services shall allocate two
9 hundred thousand dollars of the amount appropriated in
10 subsection 1 to an Iowa food bank association selected by the
11 department as provided in section 190B.202. The allocation
12 shall be used for the limited purpose of paying costs directly
13 associated with transporting or storing donated food associated
14 with the Iowa food-link to food-bank initiative as provided in
15 this subchapter.

16 SUBCHAPTER III

17 FROM FARM TO FOOD DONATION TAX CREDIT

18 Sec. 6. NEW SECTION. 190B.301 Definitions.

19 As used in this subchapter, unless the context otherwise
20 requires:

21 1. "*Department*" means the department of revenue.

22 2. "*Tax credit*" means the from farm to food donation tax
23 credit as established in this subchapter.

24 Sec. 7. NEW SECTION. 190B.302 Department of revenue —
25 cooperation with other departments.

26 1. This subchapter shall be administered by the department
27 of revenue.

28 2. The department shall adopt all rules necessary to
29 administer this subchapter.

30 3. The department of agriculture and land stewardship, the
31 department of public health, the department of human services,
32 and the department of inspections and appeals shall cooperate
33 with the department of revenue to administer this subchapter.

34 Sec. 8. NEW SECTION. 190B.303 From farm to food donation
35 tax credit.

1 A from farm to food donation tax credit is allowed against
2 the taxes imposed in chapter 422, divisions II and III, as
3 provided in this subchapter.

4 Sec. 9. NEW SECTION. 190B.304 From farm to food donation
5 tax credit — eligibility.

6 In order to qualify for a from farm to food donation tax
7 credit, all of the following must apply:

8 1. The taxpayer must produce the donated food commodity.

9 2. The taxpayer must transfer title to the donated food
10 commodity to an Iowa food bank, or an Iowa emergency feeding
11 organization, recognized by the department. The taxpayer shall
12 not receive remuneration for the transfer.

13 3. The donated food commodity cannot be damaged or
14 out-of-condition and declared to be unfit for human consumption
15 by a federal, state, or local health official. A food
16 commodity that meets the requirements for donated foods
17 pursuant to the federal emergency food assistance program
18 satisfies this requirement.

19 4. A taxpayer claiming the tax credit shall provide
20 documentation supporting the tax credit claim in a form and
21 manner prescribed by the department by rule.

22 Sec. 10. NEW SECTION. 190B.305 From farm to food donation
23 tax credit — claims filed by individuals who belong to business
24 entities.

25 An individual may claim a from farm to food donation
26 tax credit of a partnership, limited liability company,
27 S corporation, estate, or trust electing to have income
28 taxed directly to the individual. The amount claimed by the
29 individual shall be based upon the pro rata share of the
30 individual's earnings from the partnership, limited liability
31 company, S corporation, estate, or trust.

32 Sec. 11. NEW SECTION. 190B.306 From farm to food donation
33 tax credit — limits on claims.

34 A from farm to food donation tax credit is subject to all of
35 the following limitations:

1 1. The tax credit shall not exceed a qualifying amount for
2 the tax year that the tax credit is claimed. The qualifying
3 amount is the lesser of the following:

4 *a.* Fifteen percent of the value of the commodities donated
5 during the tax year for which the credit is claimed. The value
6 of the commodities shall be determined in the same manner as a
7 charitable contribution of food for federal tax purposes under
8 section 170(e)(3)(C) of the Internal Revenue Code.

9 *b.* Five thousand dollars.

10 2. A tax credit in excess of the taxpayer's liability for
11 the tax year is not refundable but may be credited to the tax
12 liability for the following five years or until depleted,
13 whichever is earlier.

14 3. If a tax credit is allowed, the amount of the
15 contribution for which the tax credit is claimed shall not
16 be deductible in determining taxable income for state tax
17 purposes.

18 4. A tax credit shall not be carried back to a tax year
19 prior to the tax year in which the taxpayer claims the tax
20 credit.

21 Sec. 12. NEW SECTION. **422.11E From farm to food donation**
22 **tax credit.**

23 The taxes imposed under this division, less the credits
24 allowed under section 422.12, shall be reduced by a from farm
25 to food donation tax credit as allowed under chapter 190B,
26 subchapter III.

27 Sec. 13. Section 422.33, Code 2013, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 30. The taxes imposed under this division
30 shall be reduced by a from farm to food donation tax credit as
31 allowed under chapter 190, subchapter III.

32 Sec. 14. **APPLICABILITY.** The provisions of this Act
33 providing for a from farm to food donation tax credit applies
34 to tax years beginning on or after January 1, 2014.

35

EXPLANATION

1 GENERAL. This bill provides for charitable food donations
2 to food banks and other emergency feeding organizations that
3 relieve situations of emergency or distress experienced by
4 individuals or families in need who reside in this state.

5 IOWA FOOD-LINK TO FOOD-BANK INITIATIVE. The bill creates
6 an Iowa food-link to food-bank initiative administered by the
7 department of human services. Each fiscal year, moneys from
8 the general fund are appropriated to the department in order to
9 support several programs managed by an association representing
10 Iowa food banks. The programs provide for the purchase of food
11 and instruction regarding nutrition and diet. Moneys are also
12 allocated to pay for transporting and storing donated food.

13 TAX CREDIT — GENERAL. The bill establishes a from farm
14 to food donation tax credit against individual or corporate
15 income taxes. The tax credit may be claimed by the taxpayer
16 who produces a food commodity. The tax credit is administered
17 by the department of revenue.

18 TAX CREDIT — TAXPAYERS. The bill provides that the taxpayer
19 may claim a tax credit for 15 percent of the value of donated
20 commodities up to \$5,000. The bill requires that the donated
21 food commodities cannot be damaged or out-of-condition and
22 declared unfit for human consumption. The bill provides that
23 the tax credit is not refundable but allows a taxpayer to carry
24 forward the tax credit for up to five years. An individual may
25 claim a tax credit of a partnership, limited liability company,
26 S corporation, estate, or trust electing to have income taxed
27 directly to the individual.

28 TAX CREDIT — APPLICABILITY. The tax credit applies to tax
29 years beginning on or after January 1, 2014.